



TRS

Montana Teachers' Retirement System

Montana Teachers' Retirement System Valuation Results July 1, 2023

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trs.mt.gov

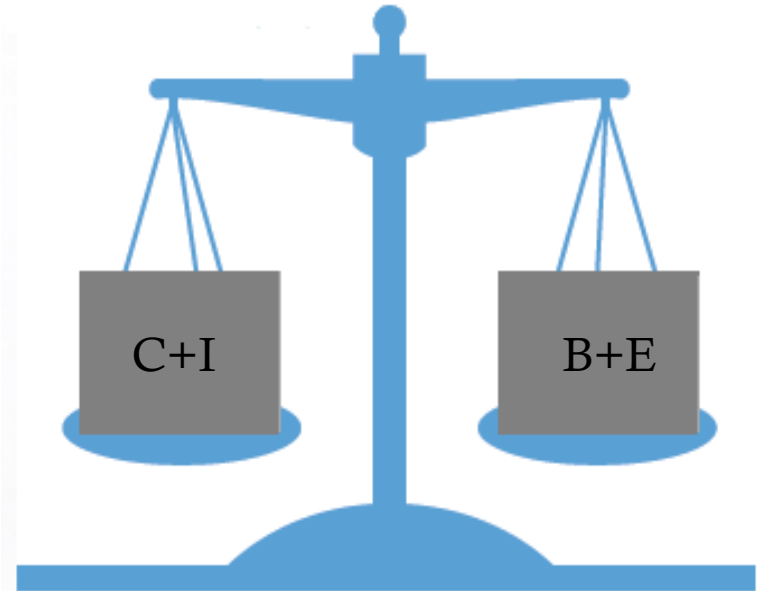


Basic Retirement Funding Formula



$$C + I = B + E$$

- C = Contributions
- I = Investment Income
- B = Benefits Paid
- E = Expenses



“Money In = Money Out”



Benefit Financing



$$C + I = B + E$$

B depends on

- Plan Provisions
- Experience

C depends on

- Short Term: Actuarial Assumptions
Actuarial Cost Method
- Long Term: I, B, E



Participation in TRS FY 2023



➤ Teachers, administrators, specialists and others employed in a teaching or educational services capacity by a public school district, state agency, county, community college, Montana University System or educational cooperative are covered by TRS.

– Active members	19,978
– Inactive members	8,068
– Retirees and Beneficiaries	17,707
– Employers	364



Membership Data FY 2023



- Full Time Active Members
 - Average Salary \$59,667
 - Average Age 44.1
 - Average Years of Service 9.8
 - Average Hire Age 34.3

- Retired Members
 - Average Annual Benefit \$25,204
 - Average Monthly Benefit \$2,100
 - Average Current Age 73.1
 - Average Age at Retirement 59.3
 - Average Service at Retirement 24.9



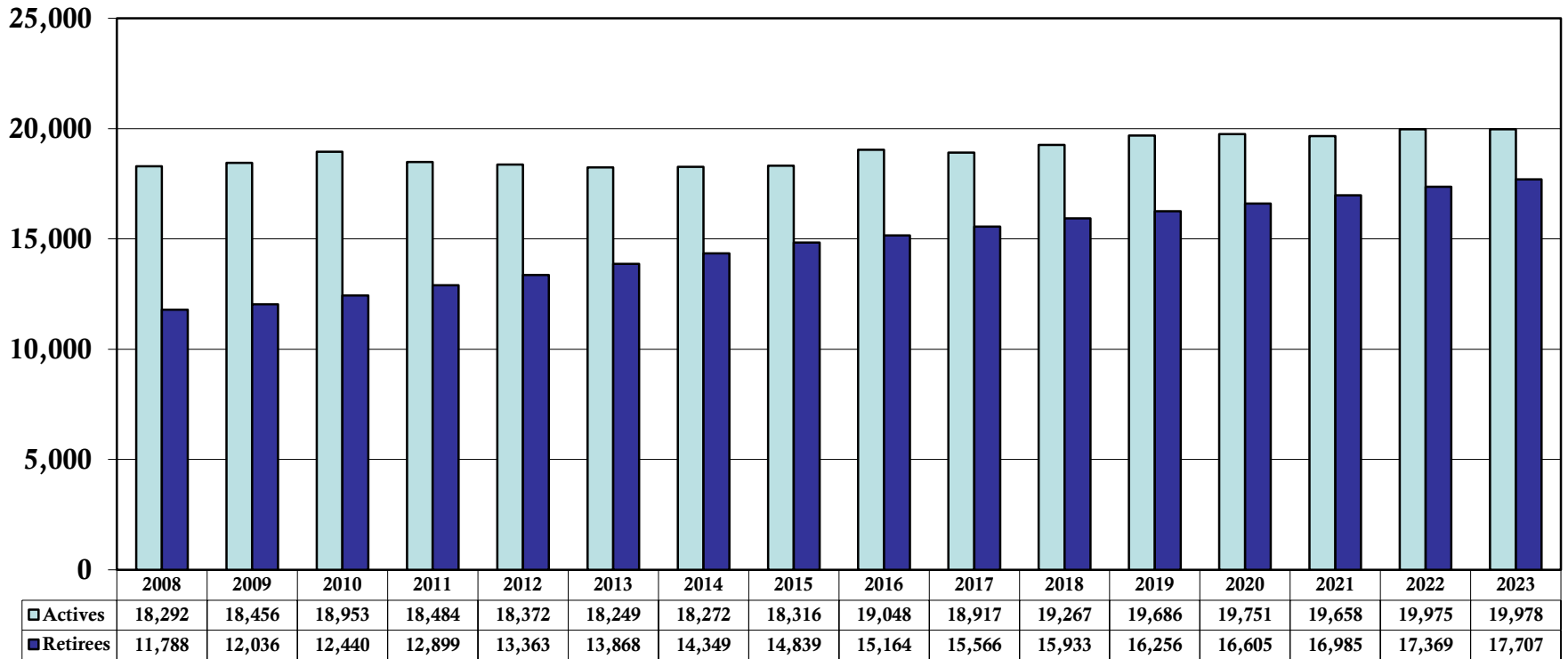
Comments on Valuation



- Asset returns
 - Market asset return (Net of Investment and Administrative Expenses) 8.30% vs. 7.30% expected (1.00% more than expected).
 - Actuarial asset return (Net of Investment and Administrative Expenses) 7.66% vs. 7.30% expected (0.36% more than expected).
- Market value of assets are \$51,061,539 less than the actuarial value of assets which are smoothed over a four-year period.
- Funded Ratio
 - Funding increased from 71.73% to 72.49%
- Amortization Period
 - Amortization period decreased from 25 years to 24 years



Active and Retired Membership



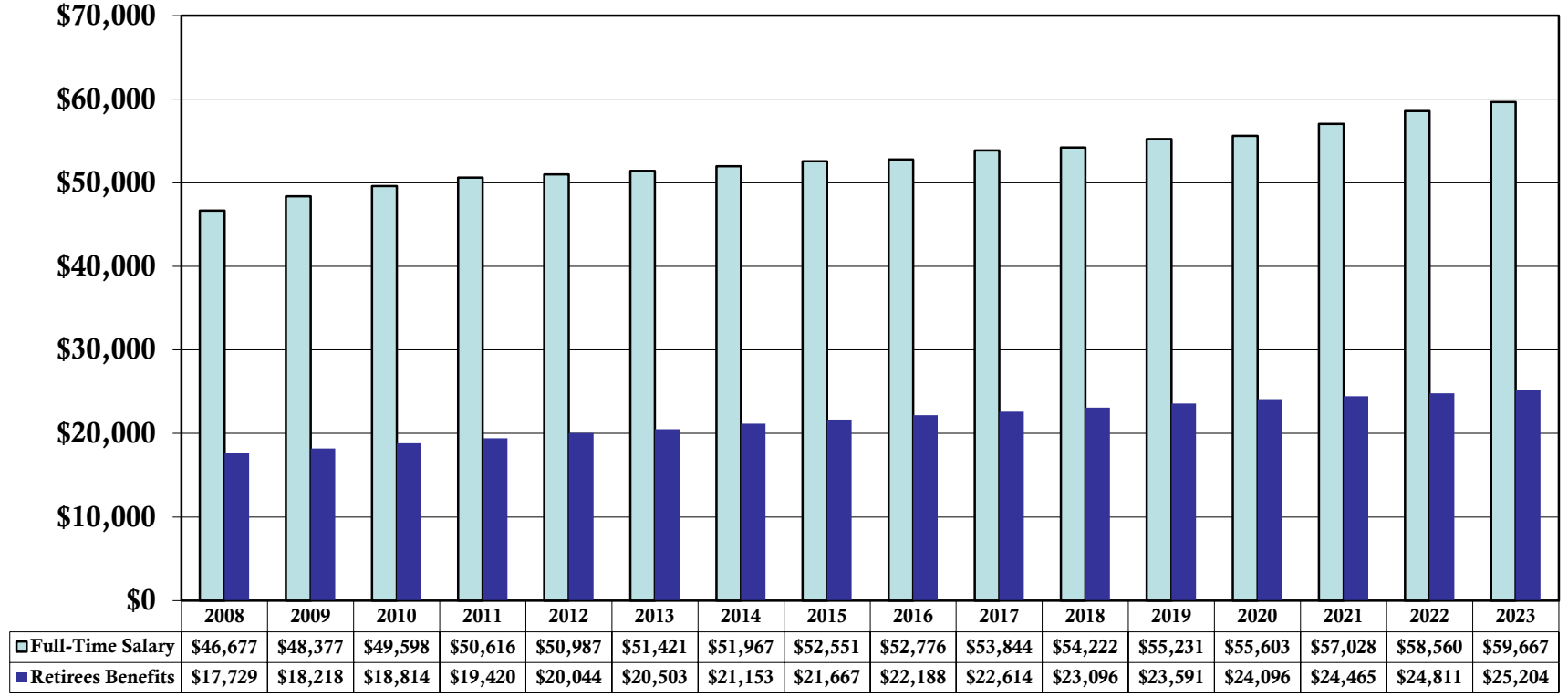
0.6% annual increase for active members since 2008; 0.0% increase for 2023.

2.7% annual increase for retired members since 2008; 1.9% increase for 2023.

1.6 actives per retiree 15 years ago; 1.1 actives per retiree now.



Average Salary and Benefits

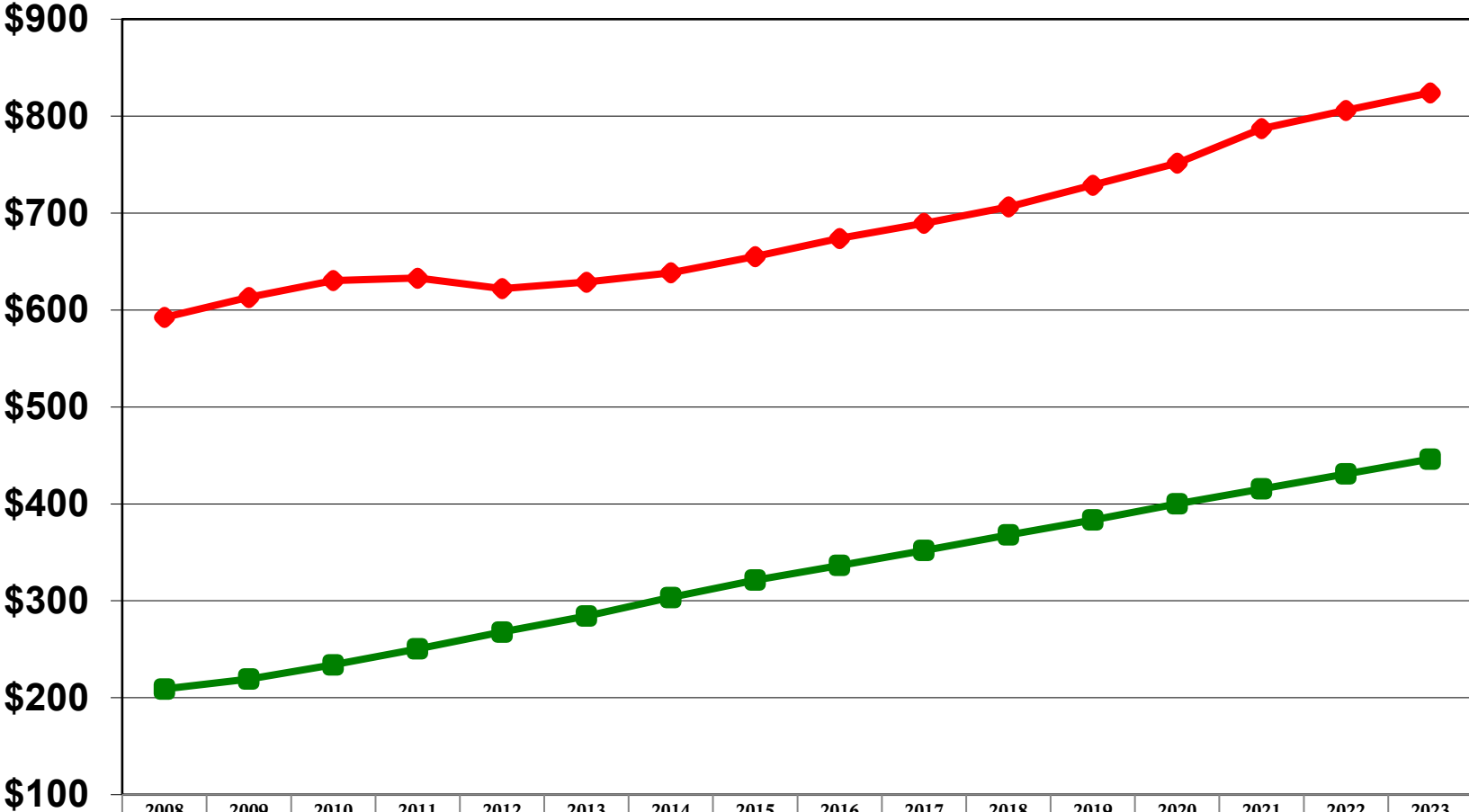


1.7% annual increase for average salary since 2008; 1.9% increase for 2023.

2.4% annual increase for average benefits since 2008; 1.6% increase for 2023.



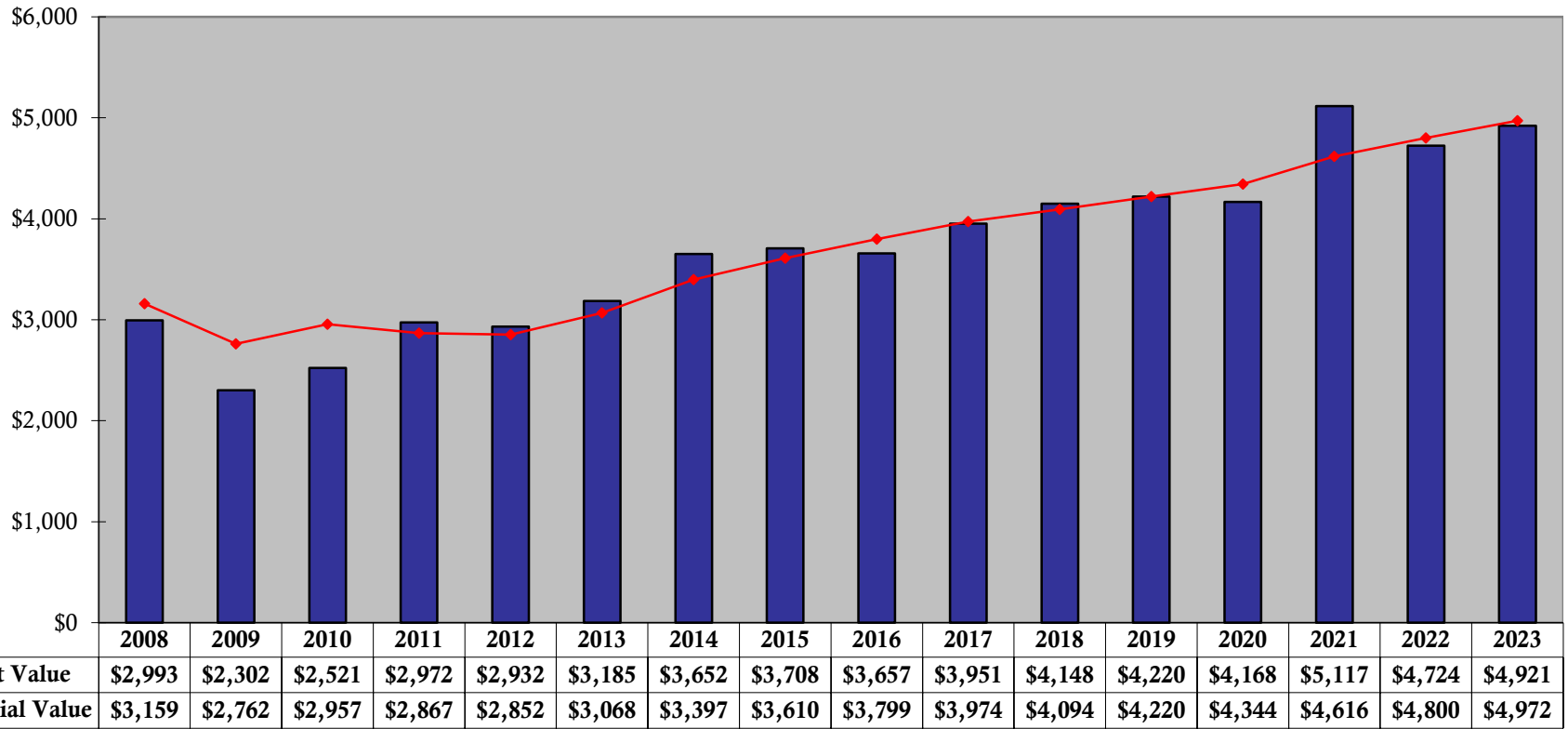
Payroll & Benefits (Millions)



Full-time Payroll	\$592.5	\$613.1	\$630.4	\$633.0	\$622.1	\$628.8	\$638.5	\$655.2	\$673.9	\$689.6	\$706.4	\$728.8	\$751.5	\$787.2	\$806.1	\$824.2
Benefits	\$209.0	\$219.3	\$234.0	\$250.5	\$267.9	\$284.3	\$303.5	\$321.5	\$336.5	\$352.0	\$368.0	\$383.5	\$400.1	\$415.5	\$430.9	\$446.3



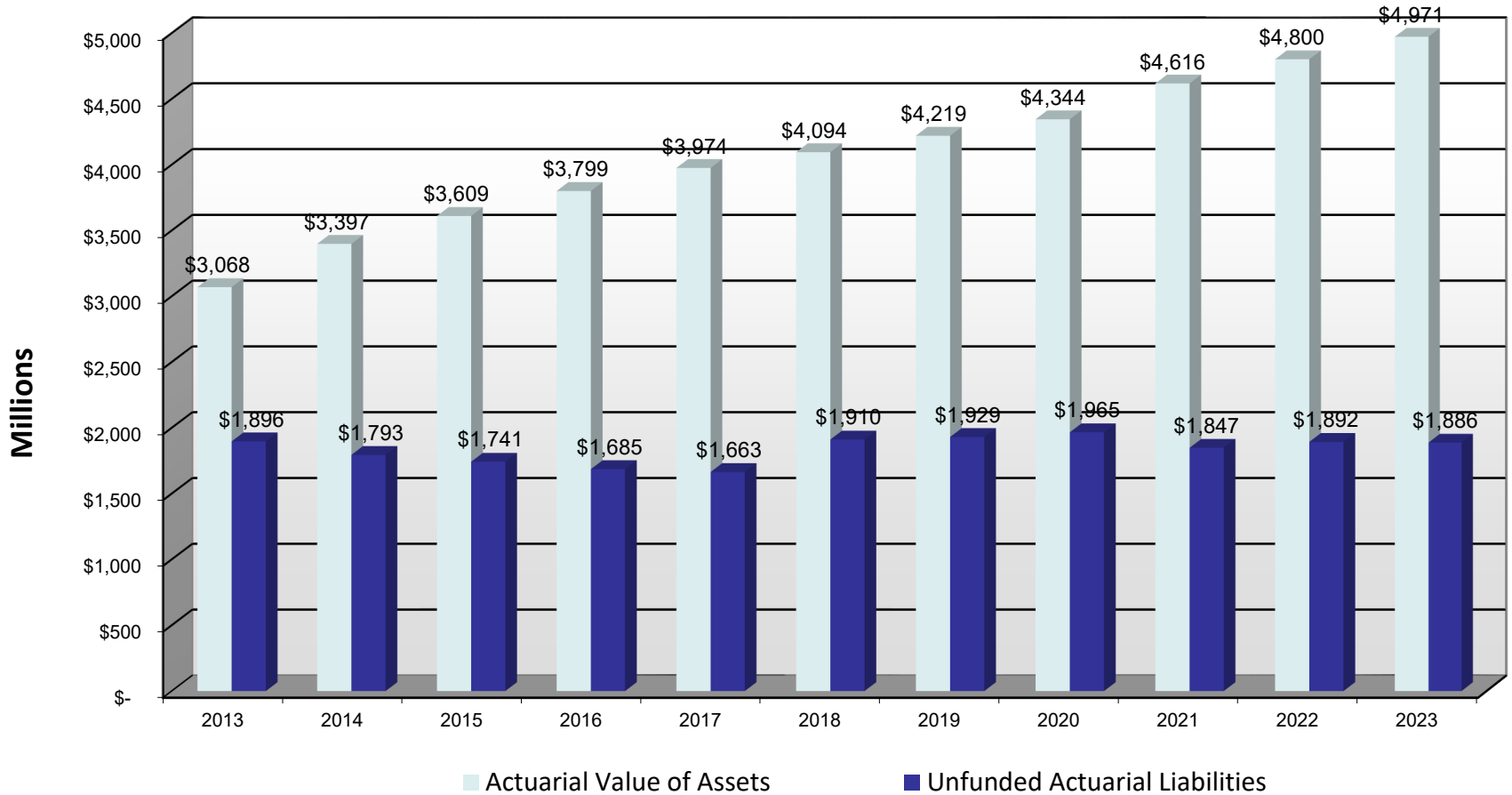
TRS Assets (\$ Millions)



	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Market Return	(4.9)%	(20.8)%	12.9%	21.7%	2.2%	12.9%	17.1%	4.6%	2.1%	11.9%	8.8%	5.7%	2.7%	27.7%	(4.1)%	8.3%
Actuarial Return	7.2%	(10.3)%	9.8%	(0.1)%	3.2%	12.0%	13.2%	9.6%	8.8%	8.2%	6.9%	7.0%	7.0%	10.7%	8.1%	7.7%



Actuarial Assets vs. UAAL





Funding Results



	July 1, 2022 Valuation	July 1, 2023 Valuation
Total Normal Cost Rate	10.87%	10.75%
Less Member Rate	<u>8.15%</u>	<u>8.15%</u>
Employer Normal Cost Rate	2.72%	2.60%
Rate to Amortize UAL	<u>9.14%</u>	<u>9.36%</u>
Total Employer Statutory Rate	11.86%	11.96%
Actuarial Accrued Liability	\$6,691.3 million	\$6,858.3 million
Actuarial Value of Assets	\$4,799.6 million	\$4,971.9 million
Unfunded Accrued Liability	\$1,891.7 million	\$1,886.4 million
Funded Ratio	71.73%	72.49%
Amortization Period	25 Years	24 Years



Progress Toward 100% Funding

